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The Workers' Compensation Board

Shaping the Future

March, 1988

Prologue

The Process of Organizational Change

It is an accepted fact that change creates resistance. As a result, the process of change is difficult to implement and manage. Organizations, like individuals, establish lifetime behaviours. These behaviours and approaches to various situations determine and define the culture of an organization. With the passage of time, it is often difficult for an organization to perceive that other methods of behaviour could or do exist.

Because these organizational behaviours have a long history of support and/or acquiesence, they are extremely resistant to change. When an organization feels that it is doing the best job possible, it is unlikely to want to change. Even when it is acknowledged that the organization requires improvement, it is often felt that any change will just make matters worse. In essence, an organization at rest will remain at rest.

Laying the Groundwork for Organizational Change

Though it is difficult to implement and manage organizational change, it is not impossible. However, for organizational change to achieve the desired results, a number of circumstances must be present within the organization:

1. A commonly accepted analysis of the current state of the organization.
2. A widely accepted need for changing the current state of the organization.
3. Agreement as to the areas which should remain the same and those areas which require change.
4. A demonstrated desire and willingness to change.
5. Agreement that the desired changes will produce appropriate benefits.
6. Agreement as to the methods for implementing organizational change.

Laying the Groundwork for Organizational Change (cont.)

Effective organizational change cannot occur without the agreement and support of all those who will be affected by the change. Because of the nature of the Workers' Compensation Board, the analysis of the need for change and the methods for implementing change cannot be solely an internal process.

The WCB and Organizational Change

The WCB is an organization that needs to change, that wants to change, and that can change.

It is true that much of the pressure for changes to the WCB has come from government, workers and employers. However, it is equally true that not all of the pressure for change has been externally produced. The WCB itself has long felt that it was not doing the best possible job it could in delivering services to workers and employers.

A desire for excellence and a dissatisfaction with many aspects of the current situation exist at all levels within the WCB. What had been missing was the common agreement of all parties concerned that the current situation required a thorough re-evaluation of the operations of the WCB.

Government, workers, and employers have all demanded and achieved ad hoc changes to various aspects of the WCB. As a result, the WCB has become an organization which exhibits a high degree of inconsistency. Inconsistencies in policy, service delivery, and administration have frustrated both the employees of the WCB itself and those individuals and groups it is intended to serve.

Few individuals within the WCB are satisfied with the organization as it currently exists. It is commonly acknowledged that the WCB can and must do a better job. This paper presents an analysis of why the current situation must be changed along with recommendations on how improvements can be achieved. **However, these changes cannot be made without first consulting those the WCB is intended to serve.**

The WCB and Organizational Change (cont.)

At the direction of the Minister responsible for the Workers' Compensation Board, the Honourable Jim Dinning, an evaluation of the WCB was conducted. This evaluation has created some of the internal circumstances which must exist for effective organizational change to occur:

- an accepted analysis of the current state of the WCB
- an accepted agreement on the need for change
- a clear delineation of the areas which should remain the same and those which require change
- a demonstrated desire and willingness to change.

However, the minister did not intend for this examination to be solely an internal process. He realizes that at this point, several of the key elements for effective organizational change are missing. The minister now needs input from the WCB's stakeholders (government, workers, employers and health care professionals) to help create the other circumstances which must exist for organizational change to be effective:

- an agreement from stakeholders that the proposed recommendations will achieve appropriate benefits
- an agreement from stakeholders as to the methods for implementing these recommendations.

It is to this end that this discussion paper has been drafted.

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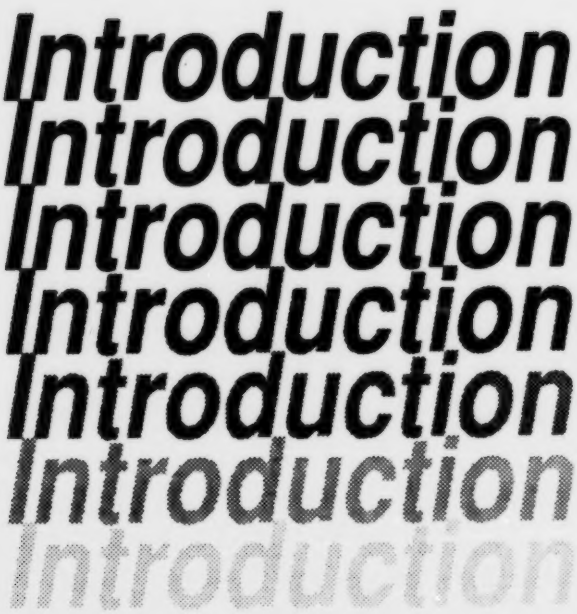
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Introduction

Stresses on Canadian WCB's

The overall quality of any system is determined by its ability to function under maximum stress. However, no system can be expected to function well at stress levels above those for which it was designed. The limits of the Canadian workers' compensation system are now being reached, and the system has been found wanting.

The fundamentals of the workers' compensation system's no-fault insurance program are sound. However, both workers and employers have expressed concerns about some aspects of the system which delivers benefits. Some workers are concerned that they are not adequately compensated by the system. Employers are concerned that the cost of workers' compensation may be approaching the limits of their ability to pay.

Workers' compensation boards across Canada have gone through a series of changes in the past few years in response to these challenges to the system. Ontario has introduced an independent Workers' Compensation Appeal Tribunal. Quebec has introduced a separate board of directors. Manitoba is implementing its King Report which recommended changes in the approach to rehabilitation and the delivery of services. The B.C. government recently announced that it would appoint a committee to look into problems and complaints associated with its WCB.

Challenge Facing Alberta WCB

Alberta has closely monitored these changes, as well as the new concerns which they have created. In late 1986, the Minister responsible for the Workers' Compensation Board, the Honourable Jim Dinning, determined that changes to the operation of the Workers' Compensation Board were necessary.

The minister recognized that it was not the fundamentals that required attention, but rather the basic system for delivering benefits. As a result, he asked the Chairman of the Workers' Compensation Board to establish a committee of Workers' Compensation Board personnel. The mandate of this committee was to propose changes to the WCB which would allow it to better meet the needs of both workers and employers.

Creation of Directional Planning Team

The management consulting firm of Stevenson Kellogg Ernst & Whinney was retained to facilitate a process of review and recommendation. A Steering Committee, consisting of the minister and the chairman, was formed to provide terms of reference and guidance to a Directional Planning Team. The Steering Committee then selected a number of WCB senior personnel to act as the Directional Planning Team.

Findings of Directional Planning Process

The Directional Planning Team has completed its evaluation. The Team recommends retaining the fundamentals of the Workers' Compensation Board. However, the Directional Planning Team also recommends significant changes to the delivery of services to workers and employers.

Impact of Directional Planning Findings

The changes recommended by the Directional Planning Team are significant enough to require the input of those who are served by the WCB as well as those who assist in providing that service. Workers, employers, medical practitioners, and Workers' Compensation Board staff would all be affected by the proposed changes. As a result, the minister has implemented a stakeholder input process. It is the minister's intent to receive guidance from all affected parties as to the changes being recommended in this discussion paper.

Objective of Discussion Paper

This Discussion Paper recommends a number of changes to the operations of the Worker's Compensation Board. These recommended changes are intended to help the WCB:

- deliver its services to the satisfaction of both workers and employers
- pay compensation on the basis of lost earnings
- aid in overcoming the disabling effects of industrial accidents
- operate in a fiscally sound manner.

Discussion Paper Recommendations

The recommendations contained in this discussion paper respond to policy, service delivery, and funding issues. The following are summaries of these recommendations:

Policy Issues

The focus of the WCB's activities should be on rehabilitation rather than compensation. **(See Rehabilitation section)**

It is recommended that WCB use a "wage-loss" method to compensate injured workers. **(See Benefits section)**

It is recommended that the concept of universal industry coverage be endorsed. **(See Assessment section)**

Service Issues

It is recommended that the WCB adopt policies and systems which will allow it to become a more "service-driven" organization. The services delivered to both workers and employers must be reconsidered in this regard.

An aggressive and pro-active Case Management system should be put in place which emphasizes rehabilitation and maximizes its likelihood of success. **(See Claim Processing section)**

It is recommended that the WCB maintain an internal appeal process. **(See Appeals section)**

Funding Issues

It is recommended that full funding by employers should continue. It is felt that fairness dictates that today's employers pay for the cost of today's accidents. **(See Funding section)**

The assessment system was found to be unnecessarily complex. It is recommended the WCB investigate means of simplifying the assessment system while at the same time providing a fair distribution of costs. **(See Assessment section)**

The Need for Change
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Fundamentals of WCB Do Not Require Change

The Workers' Compensation Board of Alberta was incorporated by an act of the Alberta Legislature in 1918. For 70 years the WCB has served the interests of the workers and employers of the Province. It has provided care and compensation for injured workers, and effective, no-fault insurance for employers and their employees.

The work of the Directional Planning Team shows that both workers and employers are satisfied that the fundamentals of the WCB's no-fault insurance program are sound. In essence, these fundamentals are:

- Workers are entitled to prompt compensation when injured in the course of employment.
- Employers and their employees are entitled to protection from suit by workers who are disabled in the course of employment.
- The workers' Compensation system is a no-fault system for which the Workers' Compensation Board has exclusive jurisdiction over the payment of claims and the collection of employer premiums.

The fundamentals of the WCB's no-fault insurance program have been challenged, but have stood the test of time. Benefits and services have gradually been expanded and refined in response to changes in the workplace.

Delayed Recovery a Major Concern

A delayed recovery is a disability which lasts longer than would normally be expected. A proportion of delayed recovery cases are testing the limits of the workers' compensation system. This type of claim is creating problems for workers, employers, and WCB staff alike. Methods for improving the management of delayed recovery cases is a major focus of this paper and the changes to the WCB it proposes.

The work of the Directional Planning Team indicates that the present workers' compensation system manages a significant majority of its claims with little or no problem. The WCB has developed a "mail order system" which is very effective and can provide many injured workers with a compensation cheque within two weeks of the first report of injury.

Delayed Recovery a Major Concern (cont.)

The Directional Planning Team found that workers, employers, and WCB staff are satisfied with this mail order system. However, the Directional Planning Team also found that a small minority of cases require more individual attention. It is these cases which create the majority of concerns and costs. This situation is clearly illustrated by 1986 WCB claim results. Eighty-five percent of Alberta's injury claims were of less than 30 days duration. These claims accounted for 15% of total compensation costs. ***The remaining 15% of claims accounted for 85% of total compensation costs.***

Other WCB's Have Had to Change

The pressure for changes to the workers' compensation system has its origins within both the Alberta experience and that of other Canadian boards. Over the past five years other jurisdictions have conducted inquiries into their own workers' compensation board operations. These included Ontario, Quebec, British Columbia, New Brunswick and Manitoba. A number of these jurisdictions have made changes to their adjudication, appeals, and assessment processes .

These changes have not gone unnoticed by Alberta's employers, workers, and labour unions. They have begun to question Alberta's system. For example, a centre has been created to assist workers in dealing with the WCB. Likewise, employers' associations formed a province-wide Industry Task Force to coordinate the presentation of their concerns about the workers' compensation system.

Many Workers Agitating for Change

Workers have voiced their dissatisfaction with the workers' compensation system. They have demanded better service and extended coverage for the disabilities which they feel exist as a result of industrial accidents or a hazardous workplace.

An increasing number of complaints and appeals have been launched by workers who feel unfairly treated by the present operating practices of the WCB. Many workers want the WCB to accept a broader definition of injury, one which is not solely tied to physical injury. This has resulted in pressure to expand the definition of a compensable injury. In addition, many workers have maintained that benefits should continue when a return to work is prevented by economic rather than physical circumstances.

Many Workers Agitating for Change (cont.)

At a very basic level, many injured workers do not feel they are well treated by WCB staff. From the perspective of injured workers, the primary role of the WCB staff is to serve their needs. However, many injured workers feel that providing service to injured workers has a very low priority. It appears to them that the administrative concerns of the organization take precedence. As a result, injured workers often see their relationship to WCB staff as one which is adversarial in nature. Many injured workers feel that they must fight for everything they get.

Many Employers Agitating for Change

Employers have also voiced their dissatisfaction with the operation of the WCB. Their major concerns are with the escalating costs of workers' compensation and with some of the specific judgements made by the WCB. The complexity of the assessment process is also a major concern.

Many employers contend that the WCB has provided Partial Disability payments to workers who have been injured but who have not been subjected to an ongoing loss of earnings. These kinds of decisions are in fact being made by the WCB and are proper under the existing legislation. Employers feel that these decisions are a misuse of workers' compensation funds. They perceive this kind of payment as a windfall to the worker and an unnecessary drain on the WCB's financial resources.

Employers are also concerned about payments for injuries which are not supported by objective evidence. They are also concerned about payments for injuries which are not physical in nature. They feel that the definition of a compensable injury has been inappropriately expanded. In addition, many employers are concerned that benefits have been extended beyond the time when an employee is fit for work. They see the ability to return to work as the legitimate end of benefit entitlement. Employers maintain that workers' compensation is not part of the social services safety net. **(See pages 17 & 21)**

Escalating Cost/Claim Shows Need for Change

The escalating cost/claim is a major threat to the viability of the WCB and the services it provides to both workers and employers. **Table I** provides some understanding of this cost escalation. The table shows a comparison of several factors describing workers' compensation costs and payments for the years 1966 and 1986. Section A of the table shows the raw data in **current year dollars.** Section B shows the same figures in **constant dollars.**

When measured in constant dollars, the cost per claim figures have almost tripled between 1966 and 1986. This increase was created by an expansion of benefits. **However, these figures are only presented to show that costs have indeed increased. There is no intended judgement as to the degree to which cost increases were justified.**

Table I, Escalating Cost/Claim in Constant Dollars

		1986	1966
A: Basic Data			
Employers registered		56,700	22,600
Lost-Time Claims		58,900	35,700
C.P.I.		100	26.6
Maximum Earnings Covered	($)	40,000	5,600
Assessable Payroll	($MM)	17,731	1,385
Claims Costs	($MM)	301	17.5
B: Constant Dollars			
Assessable Payroll	($MM)	17,731	5,206.8
Claims Costs	($MM)	301	65.6
Cost/Claim	($)	5,110	1,839

Unfunded Liability Shows Need for Change

The growing unfunded liability of the WCB also supports the need for change. Unfunded liability is a concern to both workers and employers. The WCB, like any insurance company, must make a provision for benefit payments to be made in future years. However, the premiums collected from employers in 1987 were not sufficient to pay all of the future claims costs for accidents which occurred that year. These costs include benefits payable in 1987 as well as benefit payments which must be made in 1988 and beyond. Pension payments would be an example of the type of payment which would go beyond fiscal 1987.

In recent years, the level of premiums has been less than that required to pay future costs. The unfunded liability of the WCB was 18.5% of total obligations at the end of 1986. This situation has a negative impact on the ability of the WCB to make benefit payments. For every $1.00 of future liability, the WCB has only 82.5 cents with which to pay.

Problems Required Action

Another factor which clearly demonstrates the need for change is an inexplicable increase in claims costs.

In late 1986, it was determined that annual claims costs were growing at a rate between 16% and 17%. This was at a time when there was no growth in the number of accident claims being registered.

The government was quite aware of the pressures which were being exerted on the WCB. The increasing complaints by workers and employers, and the changes in the unfunded liability, were matters of particular concern. The inordinate increase in claims costs also indicated that the time had come to re-examine the operations of the WCB.

It was recognized by both the minister and the Workers' Compensation Board chairman that there were no simple solutions to the problems challenging the WCB. They felt that these problems required an objective, in-depth, evaluation of the WCB's approach to the delivery of workers' compensation benefits.

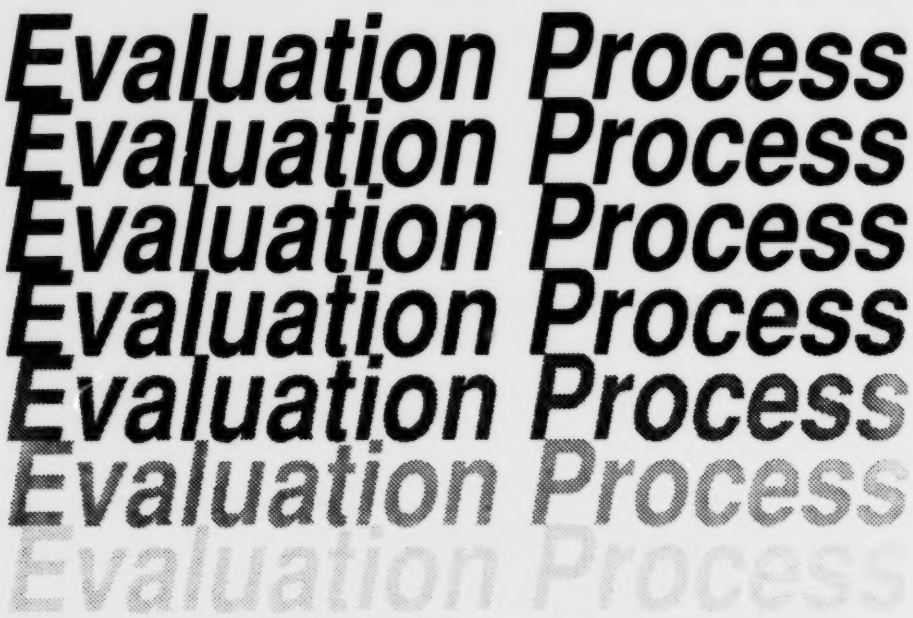
Appointment of Consultants

A management consulting firm was retained to facilitate the evaluation of the processes the WCB uses to deliver benefits. The firm had recently completed a similar assignment with Alberta Government Telephones.

The approach used by the consultants had been shown to be pragmatic, in that it used the consultants as facilitators, but heavily involved staff in the research and development phases of the project. It was felt that this approach would produce an informed, but objective, evaluation of the current state of the WCB.

Creation of Directional Planning Team

A Steering Committee, consisting of the minister and the chairman, was formed to oversee the evaluation of the WCB. The Directional Planning Team selected by the Steering Committee operated with the guidance of the consultants. The Steering Committee continued to provide terms of reference and direction to the Directional Planning Team.


Evaluation Process
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Evaluation Process

Overview

The process used to evaluate the WCB consisted of two phases. Phase I was an analysis of the WCB's current methods of operation. Phase II involved the development of a number of recommendations for improving the WCB which were based on this analysis.

Determining Current Situation

Before any organization can affect change, its current state must be carefully and honestly evaluated. The analysis on which this paper is based is the result of this type of intense examination. This analysis described the WCB as it **is**, not how it **should be**, not how it **could be**. It included descriptions of the present organization, its activities, its problems, and any future trends which might affect its activities.

Key Areas Examined During Determination of Current Situation

The analysis of the WCB was developed by focusing on a number of key areas:

- Rehabilitation
- Benefits
- Claim Processing
- Appeals
- Funding
- Assessment
- Financial Management
- External Relations.

Methodology

The Directional Planning Team wanted to receive input from a large number of stakeholder groups who were representative of a wide variety of points of view.

Over 200 interviews were conducted with:

- **Alberta labour unions** including: United Nurses of Alberta, Canadian Union of Postal Workers, Carpenters and Joiners Local 1325, Christian Farmers Federation, Energy and Chemical Workers, Alberta Federation of Labour
- **Alberta employers** including: Champion Forest Products, Glenrose Hospital, Canadian Pacific, Standard General Construction, City of Edmonton, Canada Safeway
- **business organizations** including: Canadian Federation of Independent Business, Canadian Organization of Small Business, Alberta and Edmonton Chambers of Commerce, Alberta Forest Products Association, Alberta Trucking Association, Canadian Petroleum Association
- the Provincial Ombudsman
- MLA's
- the WCB's of Ontario, Quebec, and British Columbia
- WCB employees
- government departments
- insurance companies dealing in long-term disability insurance.

Recommendations

At this point, the recommendations contained in this discussion paper are just that. They do not represent statements of intent. They are instead statements of a desired future. They reflect the Directional Planning Team's solutions to the problems which were identified during the analysis phase of the evaluation process. The minister recognizes that the recommended changes outlined in this discussion paper would have a significant impact on the WCB's stakeholders. As a result, these recommended changes are being vetted through a process of stakeholder input.

Development of Recommendations

The recommended changes to the Alberta Workers' Compensation Board were developed by the Directional Planning Team. They were based on the analysis conducted during Phase I of the Directional Planning Process and information gained from other provincial Boards.

Key Areas Examined During Development of Recommendations

The key areas examined during the development of recommendations included:

- wage loss versus physical disability
- the value of rehabilitation
- the extension of benefit coverage
- the independence of the appeal process
- the equity of the assessment process
- service quality.

Results of Directional Planning Process

The WCB has undergone an extensive, objective evaluation. This process has provided a clear bench mark for the organization. This bench mark can be used to determine the quality and effect of any changes to the WCB.

The recommendations which resulted from Phase II of the Directional Planning Process describe the direction in which the Directional Planning Team feels the WCB should move. The intent of these recommendations is to create an organization which is better able to serve the interests of injured workers and their employers. These recommendations are outlined in the following sections of this paper.

Rehabilitation
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Rehabilitation

Overview

Rehabilitation is the management of the physical, emotional, social and vocational needs of an injured worker. The WCB rehabilitation system includes the Claims Department, Vocational Rehabilitation Department, Medical Department, Rehabilitation Centre and various external services.

Current Situation

The WCB has developed a "compensation culture". More emphasis is placed on determining benefits than on rehabilitating the injured worker. This emphasis on compensation does little to enable and encourage a worker to return to employment.

The goal of rehabilitation is not clear and, therefore, the limits, scope, and intent of rehabilitation services are not well defined. As a result, the system accepts clients which it knows it cannot rehabilitate. Without a clear goal for rehabilitation, it is difficult to determine who will benefit from the services available.

Conflicting philosophies of rehabilitation exist within the WCB. It is not clear whether the goal of rehabilitation is employment, employability or independence. Also, the role of employers and workers in the rehabilitation process is not clearly defined.

The rehabilitation system does not make full use of the medical and non-medical services available to it. Moreover, a lack of coordination exists between the WCB and outside rehabilitation services.

Current System Focuses on Compensation Not Rehabilitation

Workers' compensation boards across Canada rely on a process which often focuses on:

1. information collection
2. payment of benefits
3. medical treatment.

An examination of the need for rehabilitation is rarely at the forefront of this process.

Current System Focuses on Compensation Not Rehabilitation (cont.)

The WCB uses the approach which is traditional for most insurance companies. A loss occurs; the loss is measured; and the insurance company pays according to the provisions of the insurance contract.

The company does not perceive itself to have a role in reducing any potential losses which may occur. It is a passive participant until the loss is quantified. There are signs, however, that this passive role is beginning to change. Private insurance companies are recognizing that cost-effective steps can be taken to reduce potential losses.

The Workers' Compensation Board does not have an active accident prevention role. That is the function of the Occupational Health and Safety division of the Department of Community and Occupational Health. The WCB, therefore, cannot actively prevent accidents. There is growing recognition, however, that if an effective rehabilitation program is started early, it can, in some cases, reduce the extent and the length of time which a worker must suffer from a disabling injury. There is also evidence that such an approach could reduce the overall costs of the system.

Current System Phase 1: Information Collection

All accidents must be reported. A file is opened when notice of an accident is received from the employer, attending physician, worker or other source and little happens until all of the necessary information has been received. This is essentially a passive process. However, in cases where an extended layoff is anticipated, steps are taken to gather the information necessary to make a payment of compensation.

Current System Phase 2: Interim Payment

When a worker is off work, recuperating from an accident, the term Temporary Total Disability is used to describe the situation. Based on information received during the information collection stage, the adjudicator can judge the likely period of disability and authorize a Temporary Total Disability payment for wage loss.

Current System Phase 2: Interim Payment (cont.)

Very often this system will provide payment within two weeks of an accident report being received. In order to authorize payment, the Claims Adjudicator uses legislation, policy and experience to analyze the facts of a case and determine the entitlement of the claimant. Ongoing Temporary Total Disability benefits are determined by the adjudicator throughout the claim.

Current System Phase 3: Medical Treatment

Responsibility for treatment of the injury rests with the health care professional selected by the injured claimant. These professionals report on the worker's progress to the WCB and provide an estimate of the length of disability. This estimate includes a probable return to work date. Medical costs relevant to the claim are paid by the WCB, including all treatment costs, hospitalization, drugs, appliances and professional fees.

The adjudicator may also recommend vocational rehabilitation assistance for the injured worker. This rehabilitation is designed to help workers cope with or overcome their physical impairments and to assist them in their search for new employment which is required as a result of a compensable accident.

Early Intervention Is Needed

Early intervention greatly increases the chances for successful rehabilitation. However, currently, a period of many months can pass before an injured worker begins to receive any rehabilitation other than active medical treatment. Research has shown that the chance of a successful return to work declines dramatically the longer a worker is away from the job. The same research indicates that early intervention can enhance and increase the success rate of rehabilitation programs by as much as 50% to 75%.

Rehabilitation Must Treat the Whole Person

Many people view rehabilitation as a process which deals with the healing of physical injuries, the reduction of physical impairment, and the training of injured workers to allow them to re-enter the work force. However, industrial accidents can create psychological problems in the injured worker which seriously impede the physical healing process. The longer this type of psychological injury is left untreated, the less likely the injured worker is to be fully rehabilitated.

Early Rehabilitation Advantages

The major beneficiaries of early rehabilitation will be the injured workers themselves. However, the Workers' Compensation Board has an obligation to employers as well as workers. Proper rehabilitation processes will significantly reduce the chances of delayed recovery and long-term disability and, as a result, will reduce the long-term costs of accidents. If an injured worker can be returned to useful employment, it is preferable to invest in rehabilitation, rather than in long-term compensation.

Recommendations

The Workers' Compensation Board, employers, and injured workers themselves all have a role to play in the rehabilitation process. In addition, the WCB has a key role to play in providing whatever services are necessary to make the rehabilitation process successful.

The WCB should acknowledge the physical, psychological, social and vocational impact of injury in its rehabilitation process. The WCB's rehabilitation plans must be well managed, effective, and cost-efficient. Injured workers should share the responsibility for their rehabilitation and the WCB should redouble its efforts to encourage employers to re-employ injured workers.

The goal of rehabilitation should be employability rather than employment. Therefore, injured workers should be entitled to expect that, where feasible, the goal of rehabilitation is to return them to at least their pre-accident earning potential.

The WCB should remain an insurance plan. It is not recommended that WCB become part of the social services network. However, the recommended approach to wage-loss compensation **(Benefits page 18)** should assist those whose disabilities force them out of their pre-accident employment.

Rehabilitation should be the WCB's means for helping workers cope with or overcome their disabilities. As a result, rehabilitation would reduce the WCB's long-term liability for wage loss. An incentive program for workers on temporary wage-loss compensation would encourage additional earnings.

The WCB should make use of community services where feasible and cost-effective. These services should be closely monitored for cost and clinical effectiveness.

Benefits
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Benefits

Overview

For a discussion of benefits to be useful, it is important to define two key concepts:

- assumed disability
- wage loss.

Assumed Disability

The concept of assumed disability is used when calculating the WCB's Permanent Disability payments. In essence, this approach assumes that all types of dismemberment will result in a subsequent loss of earning power.

All body parts are given a relative value to the earning ability of the body as a whole. For example, a big toe is considered to contribute 2.5% to the overall earning ability of an intact body.

The 35-year old worker who loses a big toe will receive a Permanent Disability payment equal to 2.5% of his entitlement. This would result in a lump sum payment of between $3,700 and $11,100, depending on the earnings of the worker.

This system of payments is based on a fictional "average worker" rather than on the unique circumstances of the individual worker. **As a result, the system produces average rather than individual remedies.** For some workers these remedies create a windfall. For other workers they create a disaster. For the most part, the worker whose earnings are seriously and permanently affected by the loss of some portion of her body will receive the same amount of money as the worker whose life-long earnings are not adversely affected.

Wage Loss

Wage loss accurately describes a system whereby an injured worker is compensated for the actual loss of wages caused by an injury. Unlike assumed disability, a wage-loss system deals with the unique circumstances of the individual worker.

Wage Loss (cont.)

No formula is used to arrive at a fixed value for an intact body or part thereof. **It is not the injury which is evaluated, but the effect of the injury on the worker.** For example, a highly skilled technician who loses an index finger may be unable to continue to do the job for which she was trained. This could result in a substantial loss of income if she was forced to take another type of job.

Under a wage-loss system, this worker would be compensated for the difference between the amount she was able to earn after the accident and the amount which was being earned before the accident.

For the worker who is injured but who does not suffer an ongoing loss of income, the wage-loss system would produce a far different result. The truck driver who loses an index finger would be compensated for lost wages which were a result of the injury and convalescence. However, if he were eventually able to return to work and perform the same duties for the same rate of pay, his entitlement to benefits would cease.

Effect of Assumed Disability System

It would appear that the administrative difficulties caused by examining each worker's unique circumstances encouraged workers' compensation boards to adopt a system of evaluating cases on the basis of relative physical impairment.

Though this system appears to meet the needs of administrators, it does little for the worker whose life-long earnings are seriously affected by an injury. It is these workers who often feel that the WCB has not treated them either individually or fairly. **The assumed disability approach treats the injured worker merely as one factor in a complex and impersonal equation.**

Current Types of Benefits

The term "benefits" refers to both the acceptance of claims and the compensation payments made to injured workers. The major types of payments are:

- Temporary Total Disability
- Permanent Disability
- Medical Aid.

Temporary Total Disability Payments

Temporary Total Disability payments are made during the period in which the injured worker is unable to work. They are paid at 100% of entitlement.

Permanent Disability Payments

Permanent Disability payments are made to workers who suffer some form of permanent injury. The worker may suffer a permanent partial disability, such as the loss of an arm or leg. In this case, a percentage of the full entitlement is paid as a pension. In the case of total permanent disability, a pension equal to 100% of entitlement is paid.

Medical Aid

Medical Aid refers to all medical treatment. Alberta Health Care is reimbursed for all costs relating to the treatment of an injured worker.

Current Benefit Expenditures

Expenditures for benefits in 1986 were:

- Temporary Total Disability Payments.....$148 million
- Permanent Disability Payments.....$ 99 million
- Medical Aid Payments.....$ 37 million

Current Situation

Benefit entitlement is determined according to legislation, regulation and policy, some of which is difficult to understand. As a result, benefit policies are not always well understood by WCB staff. This situation often results in inconsistent interpretation and application of policy.

Current legislation generally allows the Workers' Compensation Board considerable leeway in determining policy. However, there is no effective system for managing policy. Policy development is often done on an ad hoc basis. As a result, the cost implications of policies are not always determined. In addition, some appeal decisions become de facto policy without formal approval, cost analysis, or consideration for the impact they will have on the operations of the organization.

On the one hand, many employers believe benefits have been inappropriately extended to include recognition of problems which are not work related. On the other hand, many workers believe the WCB does not assume enough responsibility for conditions they perceive as work related. Also, workers' compensation benefits are not integrated with those provided by other benefit systems (e.g. CPP, UIC, Social Services). This lack of a working relationship with other agencies can prevent workers from receiving other types of assistance once their entitlement to benefits has ended.

Ongoing communication concerning existing and new benefit policies is often ineffective. As a result, business and labour do not always understand the basis for WCB decisions.

Philosophical disagreements exist within the WCB regarding the purpose of Permanent Disability payments. At present, these awards are paid irrespective of loss of earnings. Entitlement to benefits is open-ended. Files are never closed and payments can continue for as long as a disability lasts. Also, an appeal can be launched on any basis and at any time.

The windfall aspect of Permanent Disability payments reduces the credibility of the WCB amongst employers. They feel workers are being compensated when no loss of earnings exist. They see these types of payments as a misuse of WCB funds.

Recommendations

The WCB should create a more effective approach to policy development. All policy development should be scholarly, costed, administratively sound and workable. Policy development should include an assessment of the impact of the policy on the operation of the organization. Moreover, policy development should include consultation with workers, employers, and government.

It is recommended that the Workers' Compensation Board use "wage loss" as the method of compensating injured workers. To facilitate the change to wage loss, the WCB should develop a clear definition of a compensable accident.

A number of the recommendations concerning benefits must be addressed. However, these approaches are based on the recommended adoption of a wage-loss system rather than on the current assumed disability approach. The recommended approaches are outlined below. The adoption of any or all these approaches will only occur after stakeholder input, further internal review, and detailed cost analysis.

Determination of Entitlement

At the point when the worker is considered to have completed the rehabilitation process, there should be a one-time determination of ongoing wage-loss compensation. This determination should be based on the difference between what the worker was earning before the accident and what he is earning or is capable of earning. The files should then be closed.

No attempt should be made to monitor the worker's earnings to make sure they have not exceeded the level on which the determination was based. However, entitlement should be open to review at the request of the worker. Review should occur when the worker's wage-loss is greater than originally anticipated and is the result of a condition which is clearly and directly related to the original injury.

No attempt should be made to prorate compensation because of an undiagnosed pre-existing condition. For example, if a worker suffers wage-loss because of a work-related respiratory problem, no attempt should be made to reduce the benefit payable because of a respiratory problem which was undiagnosed at the time of employment

The maximum and minimum benefits payable should remain unchanged.

Recommendations (cont.)

Timing of Benefit Payments

Under the current system a worker receiving Total Temporary Disability payments can be declared fit for employment. However, she may be entitled to Permanent Disability payments. The determination of entitlement to these payments can take up to a year after the worker has been declared fit for employment. The payments are then made retroactively. As a result, the economic circumstances of the worker are adversely affected.

There should be no unreasonable delay in the payment of benefits and there should be no timing gap between temporary and ongoing wage-loss compensation.

Cessation of Benefits

Ongoing wage-loss compensation should end at age 65. This assumes that 65 will remain the normal retirement age.

Because wage-loss benefits are not subject to CPP contributions, or employer pension contributions, a portion of the compensation should be set aside to fund a private life annuity which would be payable at age 65.

Dependency Benefits

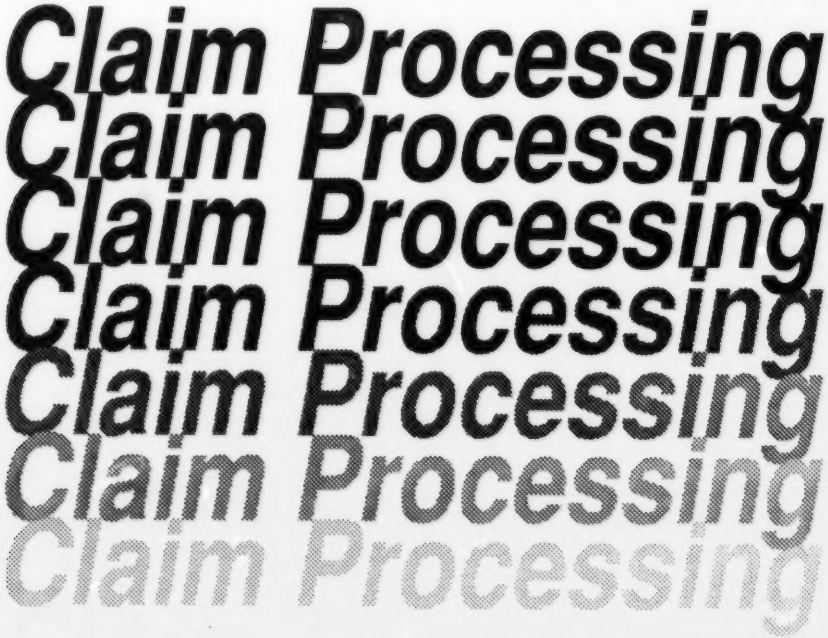
The widow's pension provisions should be changed. Benefits are calculated through the use of a number of factors and complex calculations. Dependent widows would be better served if benefits were based on a percentage of the ongoing wage-loss compensation. Spousal entitlement should continue until the deceased worker would have turned 65, provided 65 remains the normal retirement age.

Because wage-loss benefits are not considered earned income and cannot be used in determining contributions to CPP or RSP's, a portion of the spousal benefits should be set aside to provide a private life annuity which would be paid when the deceased worker would have turned 65.

In the event of remarriage, a settlement should be paid. The accumulated annuity funds should be held for payment when the deceased worker would have reached age 65.

The current death benefit should be increased to a level which allows it to pay for reasonable funeral expenses.

Benefits for other dependents should remain unchanged.


Claim Processing
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Claim Processing

Overview

The current claim processing system reflects the WCB's emphasis on compensation and its use of the relative impairment approach to compensation payment. **(See page 17)** Legislation, policy, and precedent is used to assist adjudicators and the appeal bodies in judging the merits of a case and determining compensation. This approach is indicative of the WCB's perception of itself solely as an insurance company rather than a participant in a rehabilitation process.

The claim processing system produces information which could be used to more effectively manage rehabilitation. However, the lack of an effective claim management system has resulted in the under utilization of the information available. Therefore, opportunities to reduce the effects of disabling injuries have been missed.

Current Situation

The Claims mandate is unclear and, therefore, the objectives of the adjudication process are unclear. The claim processing system reacts to the short-term compensation needs of the injured worker rather than planning long-term rehabilitation solutions.

The WCB often asks doctors to determine when an injured worker is capable of returning to work. In many instances, this places doctors in a conflict-of-interest position in relation to their patients and the WCB. In some cases, doctors are asked for judgements that are outside their level of expertise.

No effective process exists for early identification of those individuals who may require more than just compensation.

Delays and inefficiencies in the claim processing system lead to longer claim periods, slower rehabilitation and higher costs.

A perception also exists that the system can be and is being abused. However, the WCB does not know the level of abuse and has limited mechanisms to identify and deal with any such abuse.

Recommendations

A case management system needs to be developed. The system's highest priority should be the management of potentially difficult cases. These are the 15% of cases that account for more than 85% of total costs.

The WCB should establish an identification and needs analysis system with which to detect more difficult cases and respond accordingly to those requiring intervention. The revised system should reflect the recommended shift in focus toward rehabilitation. The claim processing system should be active rather than reactive. The intent of early intervention would be to reduce the effects of disability, assist the worker in returning to work, and reduce costs.

Case management should begin immediately upon the detection of a potential delayed recovery case. A "Case Manager" should be responsible for:

- acquiring information
- coordinating a rehabilitation plan which includes the participation of the worker, the employer and the treating professional
- using available resources in a cooperative and efficient fashion
- communicating with clients, employers and others.

Doctors and other health professionals should be asked for:

- medical and physiological information describing the injury
- limitations and restrictions caused by the injury
- any other information thought relevant to the case.

Consultation with doctors and other health professionals should also be included in the development of the rehabilitation plan.

Methods should be developed to:

- quickly adjudicate claims for which there is no policy, legislation or precedent
- define, identify and deal with any abuse of the system.

The current system for handling simpler cases of shorter duration should remain. That part of the system is working effectively.

Appeals
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Appeals

Overview

The appeal process allows workers and employers to contest decisions made by the WCB. The process is designed so that decisions can be reviewed by independent, knowledgeable people who have the authority to evaluate a decision.

In hearing appeals, the members of the Board have quasi-judicial powers which are similar to those of the Court of Queen's Bench. Decisions cannot be challenged in the courts, except in cases of significant errors in judgement or interpretation of the statutes.

In 1986, the WCB registered 58,903 new accident claims. In the same year there were 952 appeals to the first level of appeal, the Claims Services Review Committee. This represents 1.6% of new cases. In 1986 there were 472 new appeals to the final level of appeal, the Board itself. This represents 0.8% of new claims.

The right of appeal is automatic. Unlike in the judicial system, all appeals must be heard. No grounds for appeal to any level are required, except a disagreement by the claimant with the original judgement.

Current Situation

Workers who are adversely affected by the "compensation" culture, the system of average remedies, and the resulting claim processing system use the appeal process for help. Employers who feel that compensation payments are inappropriate, or that their assessments are unfair, also use the appeal process for redress.

The current appeal process tends to establish an expectation of success within the claimant. The operating departments and the first level of appeal advise unsuccessful appellants of their automatic right of appeal to the Appeal Board. This has the effect of implying that their initial decision may be incorrect.

The current process is seen to encourage and reward appellants. On second review, the Appeal Board changes 46% of its original decisions. It changes the decisions of the Claims Services Review Committee in 37% of cases it hears. This results in 60% of decisions being altered on appeal.

Current Situation (cont.)

The perception amongst some of the operating staff is that overturns on appeal are as high as 90%. This has a demoralizing effect on them. They feel either they are not doing quality work or the appeal system is too liberal. Despite direction to the contrary, appeal decisions are often viewed as precedent by the staff of operating departments. Overturns, especially at the Board level, are particularly frustrating when reasons for the decision are not clear.

Internally, the Appeal Advisors are seen as advocates who look for loopholes, rather than counselors who work within the system for the benefit of appellants. Externally, Claims Services Review Committee members are perceived as WCB employees who cannot be impartial in their decisions.

No system is in place to monitor the cost impact of decisions of the appeal bodies. If the appeal is valid, the facts speak for themselves and cost is not a factor in the decision-making process. However, good business practice dictates that the corporation know the financial impact of its decisions.

Several jurisdictions have established an external appeal process. However, this approach has been severely criticized by both workers and the workers' compensation boards themselves.

Decisions of the external appeal functions do not always conform to established policies. Research indicates that an external appeal process lengthens rather that shortens the time it takes to evaluate an appeal. This has been the case with the Ontario and British Columbia Boards. The average length of time to hear an appeal in Ontario is 7-10 months, the average time in British Columbia is 18 months.

Though the appeal process is conducted outside these boards' authority and control, the desired distance from the process has not been achieved. These boards often find themselves being blamed for the quality of decisions that are made and the length of time it takes to adjudicate an appeal.

Recommendations

Appeals should remain an internal process.

Appeal decisions should:

- be fully documented according to established criteria
- include explicit reasons for the judgement given
- be published.

The right to appeal to the first level of appeal should remain unchanged.

For an appeal to be heard by the final level of appeal, there should be an acceptable reason for appeal and not just dissatisfaction with a judgement.

A time limit for filing an appeal should be established. In addition, the WCB should establish a time limit within which appeals should be heard. Appeals should be dealt with in a prompt, prudent and unbiased manner. Appeals to the first level of appeal should take no longer than six weeks to be adjudicated. Appeals to the final level of appeal should take no longer than three months to be adjudicated.

At the final level of appeal, members should be representative of both workers and employers.

The WCB should provide a free advocacy service to both workers and employers.

Funding
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Funding

Overview

Funding refers to the principles and practices adopted by the WCB to finance its benefit payments and day-to-day operations.

Table II, Unfunded Liability Position

YEAR END	UNFUNDED LIABILITY	FUNDED PROPORTION
1984	$114 million	91.0%
1985	$129 million	90.8%
1986	$290 million	81.5%

Under the concept of full funding, all future liabilities would be covered by funds collected from employers in the year of the accident. These funds would be invested, then paid as required. **(See Unfunded Liability page 8)**

Current Situation

The WCB's growing unfunded liability may threaten:

- benefits provided to injured workers
- employer's ability to continue in business
- government's ability to borrow at competitive rates.

Full funding by employers is considered to be the most appropriate method for funding the WCB. This view is based on the ability of full funding to:

- provide a desired stability in assessment rates
- require each generation of employers to be responsible for their own accident costs
- guarantee the security of future benefit payments
- enhance financial incentives for accident prevention.

Current Situation (cont.)

Continued funding of workers' compensation by employers is still considered to be appropriate. However, many employers are becoming uneasy with their role as sole funders because they disagree with increasing benefit provisions and are uncertain about continued protection from suit by injured workers.

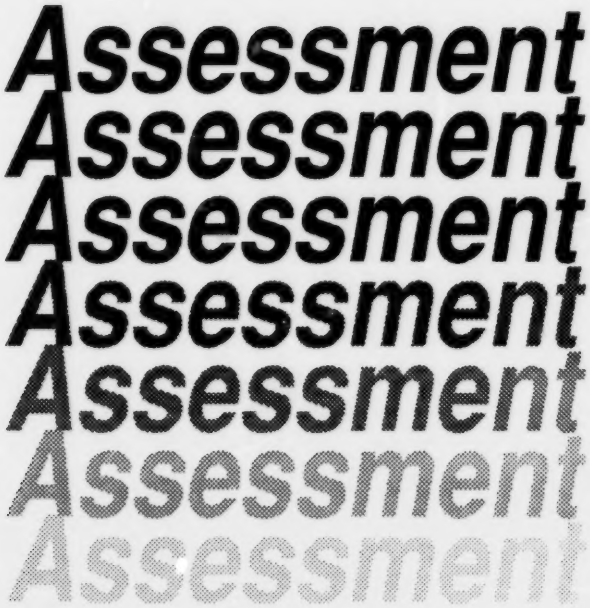
The WCB has recorded a deteriorating funded position in recent years because benefit payments have increased without a corresponding increase in premium income.

Recommendations

Full funding should remain the method for financing the WCB. This funding should come solely from employers as long as their protection from suit continues and benefit provisions are not greatly increased.

Assessment rates should be determined and implemented by the WCB without government intervention. Rates should be determined by the use of accepted insurance industry guidelines.

The WCB should establish a fund for dealing with "unknowns". This fund could be used to treat diseases and/or injuries which are not currently apparent and compensated for but which could emerge as the result of future medical study or the changing nature of workplaces in Alberta. Asbestosis is an example of such an occurrence. A contingency fund would ensure that employers would not receive a dramatic increase in premiums and that injured workers would not suffer as a result of a shortfall in available monies.


Assessment
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Overview

All employers contribute to a single insurance pool, according to the risk of accidents associated with their industry. Initially this risk was calculated using broad industry categories such as "trucking". Gradually, independent sub-groups within the broad classifications approached the WCB, requesting separate treatment within the industry.

These requests for separate treatment were justified on the basis of lower risk within a particular industry segment. For example, employment in the moving van industry could be shown to be far less risky than hauling logs out of the bush. In cases such as this, a lower rate was usually granted.

Rates within an industry are calculated to provide a break-even position between premiums collected and compensation costs paid. If one portion of the industry receives lower premiums, the other segments of the industry are automatically required to pay higher premiums to maintain a break-even position. This approach to special treatment has resulted in 859 different categories for premiums overlaid by an experience rating system. The experience rating system is intended to reward employers with a low accident rate and penalize those with high accident rate.

Current Situation

The assessment system is a continual sore point with many employers. The WCB's pursuit of fairness and equity has led to an overly complex system which is difficult to understand, difficult to administer, and difficult to explain.

Not surprisingly, the complications of this system are aggravating to employers. They find it difficult to understand and to justify. For small employers, a single low-cost accident can result in a significant increase in premiums.

Changes to the assessment system have resulted in inefficient over-regulation. These changes have had a negative effect on worker protection under the Act. Examples are:

- changes to the definition of a proprietor
- the introduction of proprietor cards
- changes to the personal coverage policy.

Current Situation (cont.)

Employers want low accident rates to be rewarded and high accident rates to be penalized. They also want rate stability and predictability. In response, the WCB has produced a complex industry rating system composed of 859 industries within 356 rating units and an overly sensitive experience rating process.

Recommendations

The assessment system should be simplified. The number of categories within the existing classification system should be reduced significantly.

The WCB should endorse the principle of universal industry coverage. Broad industry categories should be reintroduced and sub-categories should be dropped. The WCB should rate employers according to the risk of accidents associated with their industry.

Coverage should apply to directors, employers, partners and proprietors on a compulsory basis.

Employers should be required to pay for coverage for all bona-fide workers.

Coverage should only be for workers resident in Alberta.

A communication program must be established with employers to ensure the WCB understands employers' problems and concerns in relation to assessment. This communication program should be based on the submissions of employers which result from the release of this discussion paper.

Financial Management
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Financial Management

Overview

Monies which are to be used for the ongoing payment of benefits are invested by the WCB and then paid out as required. Financial management refers to the methods for managing the investment portfolio held by the WCB.

Current Situation

The Treasury Department is considered by the financial community to be a competent manager of the WCB's $1.2 billion investment portfolio.

The performance of the investment portfolio has been limited by the low level of equity investments allowed by WCB policy. If the equity proportion had equaled the 45% of assets invested by the average Canadian pension fund, the annual portfolio return over the past six years would have been 18.6% rather than 14%.

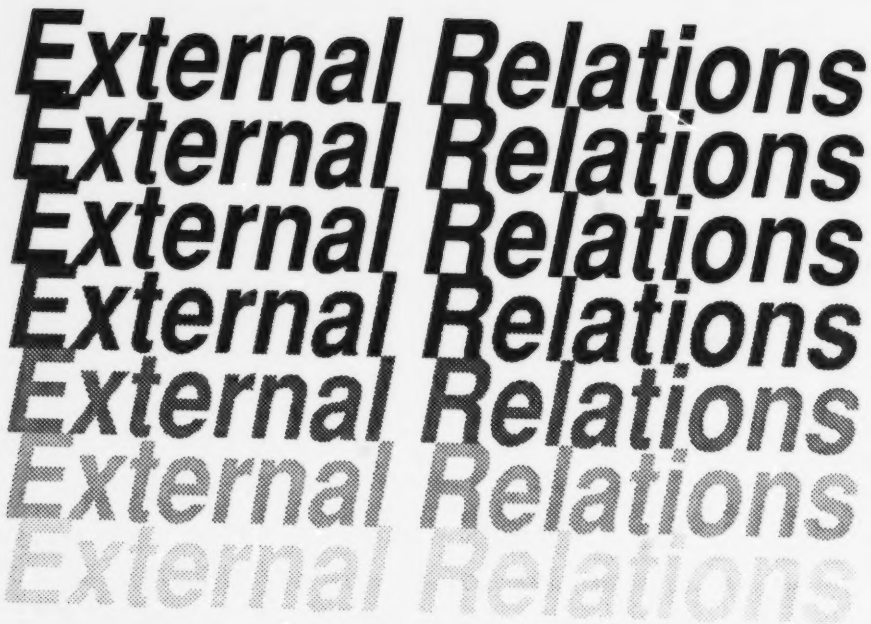
Information sharing between the WCB and Treasury is inadequate. Many important considerations have not been addressed:

- mandates and performance standards for the investment managers
- regular procedures for monitoring progress
- decision rules for the direction of investment income
- authority levels for allocating the investment of assets.

Recommendations

Clear and comprehensive investment guidelines should be developed.

The Treasury Department should continue to manage a part of the WCB's investment portfolio. However, the WCB should have some of its funds managed by external agents. In either case, the WCB should have final authority in the management of its funds.


External Relations
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External Relations

Overview

External relations refers to the communications between the Workers' Compensation Board and the groups and individuals with whom it does business. These stakeholders include:

- workers
- employers
- government
- health care professionals.

Current Situation

The WCB has not taken steps to explain to stakeholders the principles behind worker's compensation. As a result of this lack of information, stakeholders often believe the WCB is not managing its business properly.

There is no plan to "market" the Workers' Compensation Board and its services to stakeholders. Marketing would involve understanding and meeting the needs of key players through ongoing, two-way communication. Both business and labour would welcome more opportunity for open discussion with the Workers' Compensation Board.

Government has often felt required to influence and direct the WCB. However, both business and labour believe government should have less say in the operation of the WCB. Business believes that government intervention is the result of pressure from labour. Labour believes the government yields to pressure from business interests.

Stakeholders expect personal service from knowledgeable staff. This is not always the case. Few individuals or groups would characterize the WCB as a service-driven organization.

No effective working relationships exist with social service agencies who may be required to assume responsibility for Workers' Compensation Board clients. Once injured workers' benefits have ended, they may find themselves being referred back and forth between various agencies.

Current Situation (cont.)

The Workers' Compensation Board does not effectively use the case management information which is available from outside sources. Outside sources include other boards, private insurance companies, other rehabilitation services, business and labour.

The WCB does not have a process which can be used to reduce the incidence of claims. The WCB and Occupational Health and Safety have not coordinated their accident prevention activities or shared relevant accident prevention information.

The organization does not respond effectively to its critics. This is particularly true in regard to government and the media. If any reaction occurs, it is typically low key and on an individual case basis.

Recommendations

The WCB should conduct its affairs in such a way that it will regain the confidence of government which will then allow it to function more independently.

The WCB should increase client satisfaction by providing service which embodies the following:

- responsiveness to client needs
- two-way communication
- openness and honesty
- cost effectiveness.

The WCB should educate key players as to the corporation's role and services. Providing a higher level of service will allow the WCB to operate with fewer complaints from business, labour, and government.

The WCB has information that could be used to cut the incidence of claims. The corporation should aggressively pursue accident reduction programs with the appropriate organizations, internal and external to government. A public education program should form the centerpiece of this approach.

The WCB should solicit input from workers, employers, and knowledgeable others on an ongoing basis. This information should be used to make changes to policy and procedure.

Recommendations (cont.)

The WCB should be a service-driven organization. Staff should be trained in customer service techniques and service should be used as a major measure of staff performance. The WCB should also develop a system to effectively deal with dissatisfied clients.

Conclusion

Obligations to Workers

The WCB has an obligation to help workers cope with or overcome their disabilities. A timely, well managed rehabilitation program is the most effective means of doing this. Therefore, the WCB should strive for continuous improvement of its case management abilities.

The WCB must provide fair and prompt compensation to injured workers. The wage-loss system of compensation would be the most effective means of doing this.

The appeal process is an integral part of workers' compensation. When reasonable grounds exist, the worker should have the right to appeal a decision. The appeals process should be prompt, thorough and unbiased.

The WCB should not be part of the social welfare system. However, it has an obligation to develop and maintain close working relationships with agencies who may be required to assist workers whose WCB entitlements have ended.

The WCB must develop, promote, and maintain effective two-way communication with workers. The WCB will not be able to meet its obligations to workers without the existence of such a communication process.

Obligations to Employers

The WCB acknowledges that it is employers who pay for workers' compensation. It also acknowledges that there is a limit to what employers are able and willing to pay. As a result, the WCB has an obligation not to spend more that it can be reasonably expected to raise from employers. The continued financial survival of the WCB is dependent upon prudent allocation of the funds it collects.

The WCB has as great a responsibility for reducing the costs of workers' compensation as it has for paying compensation. Therefore, the WCB has an obligation to reduce its long-term liabilities and thereby reduce employer's premiums. An effective rehabilitation program would be the best means of meeting this obligation. The WCB also has an obligation to create an experience rating system which is fair, equitable, and comprehensible.

Obligations to Employers (cont.)

The WCB must develop, promote, and maintain effective two-way communication with employers. The WCB will not be able to meet its obligations to employers without the existence of such a communication process.

Obligation to Government

The WCB has an obligation to conduct its business in such a way that intervention on the part of government is deemed by all parties to be neither necessary nor desirable.

Accident Prevention Obligations

The WCB recognizes that more needs to be done by business, labour, the division of Occupational Health and Safety, and itself to prevent accidents. The WCB is, therefore, obligated to share the information it possesses which could be used for accident prevention. It should actively support activities which will facilitate improvements in this area.

Support for Fundamentals of Workers' Compensation

The Workers' Compensation Board should continue to support these commonly accepted fundamentals of workers' compensation.

> Workers are entitled to fair and timely compensation when injured in the course of their employment.
>
> Workers' compensation is a no-fault insurance program. Employers are the sole funders of the the plan. This funding entitles employers and their employees to freedom from suit by injured workers.
>
> The WCB holds exclusive jurisdiction over the assessment of employers and the adjudication of claims.

Epilogue

A Unique Opportunity

The release of this discussion paper presents a unique opportunity to both the WCB and its stakeholder groups. Stakeholders have clearly indicated that they feel changes must be made to the services and benefits the WCB delivers. The WCB itself has acknowledged a need for changes in these areas. The existence of this common agreement has created an environment in which substantive changes can be made. The stakeholder input process initiated by this discussion paper will ensure any changes which occur will be agreed to by the WCB and its stakeholders. The end result will be a more responsive, more effective, and more efficient Workers' Compensation Board.

Alberta

THE W.C.B.: SHAPING THE FUTURE

Alberta NEWS RELEASE

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FOR IMMEDIATE RELEASE

Edmonton...March 31, 1988...A greater emphasis on rehabilitation and improved service to workers and employers are two important changes to the Workers' Compensation Board recommended in THE WCB: SHAPING THE FUTURE, a discussion paper released today by Jim Dinning, Minister responsible for the Workers' Compensation Board, and Minister of Community and Occupational Health.

Mr. Dinning also announced a public consultation process that will provide a meaningful opportunity for Albertans to respond to the discussion paper's recommendations and help shape the future of the Workers' Compensation Board.

The Discussion Paper - SHAPING THE FUTURE

"I asked for a no-holds barred look at the Workers' Compensation Board...what was working...and what wasn't. I wanted a frank assessment of what was needed to make the Board more sensitive and responsive to both worker and employer concerns. Above all, I was looking for recommendations that meet the needs of Alberta workers hurt on the job...ideas on how to help them get back to work and be as healthy, fulfilled and independent as possible. I think this discussion paper captures very meaningful ideas."

"SHAPING THE FUTURE offers a prescription for making the Board more responsive to its clients in labour and business...and will make the Board a more effective and efficient organization," said Mr. Dinning.

Key recommendations of the report include:

- **Rehabilitation** - the Workers' Compensation Board must strike a balance between rehabilitation and compensation
- **Benefits** - the Board should adopt a "wage-loss" approach to benefits
- **Customer relations** - the Workers' Compensation Board must become a more "service-driven" organization
- **Claims processing** - a Case Management System is needed which places a high priority on workers' vocational and rehabilitative needs
- **Unfunded liability** - the funding of the Workers' Compensation Board must enable it to meet its commitment to pay benefits
- **Assessment** - the assessment system must be simplified.

Public Consultation Process

"Albertans will have a unique opportunity to respond to the paper's recommendations by taking part in a public consultation process. This process will set the stage for changes in the way the WCB delivers services."

Mr. Vern Millard, former chairman of the Energy Resources Conservation Board, will act as a one-man task force on the Workers' Compensation Board. He will undertake public meetings to ensure that the recommendations on policy, service delivery and funding are fully explored. At the conclusion of this public process, Mr. Millard will report his findings and make recommendations on the implementation of the discussion paper as well as on any other matters he deems appropriate. It is expected that Mr. Millard will complete his report for the Minister in September, 1988.

Corporate Reorganization

"I have also initiated changes to the structure of the Workers' Compensation Board to improve its management. The modifications include the separation of the administrative and appeals functions of the present Board. These changes will enhance the WCB's ability to manage its affairs."

Changes to the Workers' Compensation Board announced today include:

- Establishment of a board of directors to govern the management of the corporation
- Appointment of a president and chief executive officer responsible to the board of directors for the management of the corporation
- Establishment of an appeal commission whose full-time responsibility will be to hear appeals by workers and employers.

Legislation to effect these changes will be introduced during the spring session of the Legislature.

The Minister announced that Mr. Ken Pals will become the president and chief executive officer of the Workers' Compensation Board.

"In other appointments, on May 1, 1988, Mr. Morris E. Bahry, board member, will become vice-chairman of the Workers' Compensation Board. Dr. Herb Buchwald will also become a board member. He will take temporary leave from his position as managing director of the Occupational Health and Safety Division of the Department of Community and Occupational Health."

"These changes offer a uniquely Alberta solution that will strengthen the management of the WCB, create an Appeal Commission, and make the Workers' Compensation Board more sensitive to the needs of workers and employers," said the Minister.

- 30 -

NOTE TO MEDIA:

A backgrounder on the corporate reorganization and biographies on Mr. Millard and Mr. Bahry are attached.

Copies of THE WCB: SHAPING THE FUTURE are available from the Community and Occupational Health communications branch (403) 427-5541.

For more information, contact:
Mark Gregory
Communications Advisor
Community and Occupational Health
(403) 427-6466

Minister of
COMMUNITY AND OCCUPATIONAL HEALTH
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March 30, 1988

Mr. Vern Millard
2319 State Road S.W.
CALGARY, Alberta
T3C 2M7

Dear Mr. Millard:

I am pleased that you have agreed to act as the head of a task force on the Workers' Compensation Board. The mandate of this task force will be to receive public input on recommended changes to the Board.

These recommended changes are contained in the discussion paper, "The WCB: Shaping the Future". Because these recommendations represent a significant departure from the Board's current practices and procedures, it is critical that they are reviewed by the Board's stakeholders: workers, employers, the general public and government.

It is my hope that public meetings will focus on the recommendations contained in the paper rather than act as a forum for the expression of individual concerns. I feel the changes that are being recommended will resolve many of the concerns of both workers and employers. You will of course have the authority to review any matters which arise and to make any recommendations you deem appropriate.

For the stakeholder input process to be valuable, policy, service, and funding issues must be addressed.

Policy

The discussion paper recommends that the Board strike a balance between rehabilitation and compensation. I feel that this approach will best meet the needs of injured workers.

It is also recommended that the method of compensation be changed to a "wage-loss" approach. This recommendation has major implications for both workers and employers.

Assessment has long-term implications for workers and employers. As a result, the recommendations concerning universal coverage must be open to analysis and discussion.

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Mr. Vern Millard March 30, 1988

Service

There is no doubt that discussion of the services the WCB provides to workers and employers will form a major part of the submissions you receive. The WCB must become a more "service-driven" organization. I feel the recommendations in the discussion paper concerning case management and appeals will help bring this about. I want to know if stakeholders agree or if they have alternate approaches to recommend.

Funding

Both workers and employers have a stake in reducing the long-term liability of the WCB. The intent of the stakeholder input process will be to arrive at a consensus as to how the WCB can achieve a fully funded position without unduly burdening employers or threatening the rights of workers.

I would encourage you to meet with and receive submissions from workers, employers, trade unions, employer associations, labour associations, health professionals, and any other interested parties. This process will allow the stakeholders of the WCB to analyze and offer alternatives to the changes recommended in the discussion paper.

Report

Following your public consultation process, I would ask you to prepare a report on your findings. This report should contain recommendations as to the implementation of the discussion paper as well as any other matters you deem appropriate. I would like this report in my hands in September, 1988.

Yours sincerely,

Jim Dinning

Alberta **BACKGROUNDER**

GOVERNMENT OF ALBERTA

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CHANGES TO THE ADMINISTRATION OF THE WORKER'S COMPENSATION BOARD

Overview

The current Corporate Board of the WCB has three members: a chairman, a representative of workers and a representative of employers. The Corporate Board deals with management and administration, capital expenditures, budgets, and personnel administration. In addition to these duties, the Corporate Board acts as the final level of appeal in the adjudication of claims.

The changes to the structure of the WCB which are being initiated separate the administrative and appeals functions of the present Corporate Board. The result of these changes will be the establishment of the following:

- a Board of Directors
- a Chairman of the Board of Directors
- a President and Chief Executive Officer
- an Appeal Commission
- a Chairman of the Appeal Commission.

Board of Directors

The Board of Directors will have responsibility for the administration of the corporation. It will not be responsible for the determination of benefits or any aspect of the appeal process.

The Board of Directors will establish corporate policies, and approve corporate plans and budgets. The Board will have approval authority for major capital expenditures and significant changes in investment policies.

Members of the Board will be appointed by the Lieutenant-Governor-in-Council on the recommendation of the Minister and Chairman of the Board. Members will be appointed for a three-year term, with 33 per cent of the members appointed each year.

The Board will consist of a maximum of 12 members. Two members of the Board will represent workers, two will represent employers, and two will represent the general public.

CHANGES TO THE ADMINISTRATION OF THE WORKER'S COMPENSATION BOARD

Chairman of the Board of Directors

The Chairman of the Board of Directors will be a member of the Board. The Chairman will be appointed for a three-year term by the Lieutenant-Governor-in-Council on the recommendation of the Minister and the President and Chief Executive Officer.

The Chairman will preside at all meetings of the Board and will oversee the activities of the Board. All recommendations from the President/CEO concerning policy matters which require Board approval will be reviewed by the Chairman. The Chairman will act as liaison between the Board of Directors and the President/CEO.

President and Chief Executive Officer

The President/CEO will be accountable to the Board of Directors for the management of the organization. The Lieutenant-Governor-in-Council will appoint the President/CEO for a five-year term on the recommendation of the Minister and Board of Directors.

The President/CEO will be a member of, and report, to the Board of Directors. The President/CEO will act as a link between the Board of Directors and corporate management. The ultimate responsibility, accountability, and authority for the operating, planning and developmental functions of the WCB will lie with the President/CEO.

The appointment of key personnel and the monitoring of their performance will be the responsibility of the President/CEO. The President/CEO will be responsible for carrying out the policy initiatives of the Board of Directors. The President/CEO will keep the Board informed of the status and activities of the organization and the Appeal Commission.

The President/CEO will represent the WCB in dealing with its various publics. These publics include workers, employers, government, the general public, and other workers' compensation boards.

Appeal Commission

The Appeal Commission will act as the final appeal authority. It will be housed in separate premises, but will remain an internal WCB body with quasi-judicial powers.

Appeal Commissioners will be appointed for five-year terms on the recommendation of the Minister and the Chief Appeal Commissioner. The position of Appeal Commissioner will be full-time paid position. The members of the Appeal Commission will be equally representative of workers and employers.

The Appeal Commission will have the right to return a case to the adjudication system when it feels that natural justice has not been received by the appellant. The Commission will have the power to either uphold a decision of the adjudication and review bodies, or accept an appeal and modify a previous award.

The decisions of the Appeal Commission will be presented in writing. Decisions will clearly explain the reasons for the decision by citing legislation, regulation, policy, precedent, or extenuating circumstances.

Chief Appeal Commissioner

The Chief Appeal Commissioner will be appointed for a five-year term by the Lieutenant-Governor-in-Council on the recommendation of the Minister and the President/CEO. The Chief Appeal Commissioner will act as a neutral party who is neither the representative of workers, nor the representative of employers.

The Chief Appeal Commissioner will chair the meetings of the Commission and act as its Chief Operating Officer. This individual will be responsible for developing the administrative policy and procedures for the appeal process.

For more information, contact:

Mark Gregory
Communications Advisor
Community and Occupational Health
(403)427-6466

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BIOGRAPHY

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Mr. Vern Millard
Chairman, Public Review Task Force

- Born in 1924 and raised in Calgary, Alberta
- Mr. Millard is married, with grown children, and lives in Calgary.

Education:

- Bachelor of Commerce, University of Alberta (1949)
- Attended the University of Chicago 1949-50 and completed course work towards a Master's in Economics.

Military Service:

- During World War II, Mr. Millard served in Italy with the Princess Patricia Infantry Regiment.

Experience:

- Joined Alberta's Energy Resources Conservation Board (ERCB) as a statistician in 1950.
- In 1952, Mr. Millard was appointed as Secretary to the Board.
- Became a Boardmember of the ERCB in 1961.
- In 1971, Mr. Millard was appointed as vice-chairman, moving to chairman of the Board in 1978.
- Mr. Millard retired from the ERCB in 1987 after 37 years' service.

  The ERCB is an independent regulatory agency. Its role is to ensure that Alberta's energy resources are developed in an efficient manner with due regard for the environment, and other matters of public interest.

Community Activities:

- Mr. Millard took an active interest in his community during the years his children were growing up.

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For more information, contact:

Mr. Vern Millard
(403) 242-3109

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BIOGRAPHY

GOVERNMENT OF ALBERTA

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Mr. Morris E. Bahry
Vice-Chairman, Workers' Compensation Board

- Born in 1931 in Thorhild, Alberta

Education:

- Attended St. Joseph's High School and McTavish Business College (1948-49).

Military Service:

- One of three Naval Reservists chosen to serve aboard H.M.C.S. Ontario on escort duty to Korea in 1950.

Experience:

- Management trainee, Hudson's Bay (1949 - 1952).
- Salesman with Canadian Pittsburgh Industries Ltd. (1952 to 1957).
- 1957-1962, Owner/Manager of Bahry's Glass Ltd.
- Western Regional Manager with Faucher and Fils Ltd. a glass wholesale distributor in Vancouver (1962 to 1964).
- Edmonton Area Manager and part-owner, Trans Canada Glass, (1964 to 1967).
- Owner/Manager of Northgate Realty Ltd. (1967-1971).
- From 1971-1973, Mr. Bahry was Owner/Manager of the Valley Hotel, Red Deer.
- From 1976-1979, acted as the Branch Manager and Alberta Agent for Guaranty Trust company of Canada.
- Sales consultant with Nu West Development Corporation Ltd. from 1979 to 1982.
- Appointed Boardmember, Workers' Compensation Board in 1982.

Community Activities:

- Member Vancouver Board of Trade (1962 - 1964).
- Past member of Edmonton and Red Deer Chambers of Commerce. Chaired several Chamber Committees.

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For more information, contact:

Mr. Morris Bahry
(403) 437-1110

Alberta

BIOGRAPHY

GOVERNMENT OF ALBERTA

Dr. Herb Buchwald

- Born in 1930 in Bratislava, Czechoslovakia

Education:

- Associate of the Royal Technical College, Salford (U.K.) for studies in Science (1955).
- University of London, B.Sc, General Science (1955).
- University of London, M.Sc, Inorganic and Analytical Chemistry Ph.D. (1958).
- University of London, Ph.D., Analytical Chemistry (1964).

Experience:

- Head of Chemical Hazards Section, The Occupational Hygiene Service, Slough, United Kingdom (1960 - 1964).
- Chief Industrial Health Chemist
  Division of Industrial Health Services
  Alberta Department of Health, Edmonton (1964 - 1970).
- Scientific Advisor and Section Head
  Hazardous Products Section, Division of
  Toxicology, Health Protection Branch, Ottawa (1970 - 1973).
- Director, Alberta Environment Centre (Vegreville)
  Alberta Environment, Edmonton (1974 - 1975).
- Assistant Deputy Minister, Alberta Labour,
  Edmonton (1978 - 1979).
- Managing Director, Occupational Health and Safety Division,
  Community & Occupational Health (1979 to the present).

Directorships:

- Member, Advisory Committee, Occupational Health and Safety Certificate Program, Faculty of Extension, University of Alberta, from 1980.
- Member, Board of Directors, Canadian Standards Association, Rexdale, Ontario, from 1983.
- Inaugural Board Member, Canadian Registration Board for Occupational Hygienists, from 1984.
- Member, Executive Committee, Council on Protective Equipment (COPE), from 1985.
- President, Alberta Occupational Health Society, from 1986.

Community Activities:

- In 1985, Dr. Buchwald received the Canada Safety Councils' Achievement Award for Occupational Health and Safety.
- Dr. Buchwald is married with three grown children. He is an ardent supporter of the arts in Edmonton.

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For more information, contact:
Dr. Herb Buchwald
(403) 427-6971 (office)
(403) 454-1128 (residence)